

Report of the Section 151 Officer

Financial monitoring and position statement for 2019-20

1 Purpose of report

1.1 This report shows the monitoring position for revenue expenditure only, but should be read in conjunction with the capital report elsewhere on this agenda to give members a total view and understanding of the financial position of the council.

1.2 The revenue forecast outturn is estimated as at 31 July 2019.

2 Executive Summary

This is the first monitoring report for the 2019-20 financial year and will be used as the baseline to compare future revenue forecasts.

3 Appendices

Appendix 1 Revenue Monitoring Position to 31 July 2019

4 The resources committee is invited to:

4.1 RESOLVE to note the position on the revenue monitoring and the reasons for the variances reported and shown in Appendix 1.

5 Introduction

5.1 Financial monitoring is reported 4 times in the year, 3 in-year reports (September, December and March committees) and the final out turn position in June of the following financial year. This report is the first in-year report for 2019-20 and reflects the monitoring position as at 31 July 2019.

5.2 Further financial forecasts will be reported to committee to show the changes in the monitoring position as at the following dates:

- 30 September 2019
- 31 December 2019
- 31 March 2020

6 Discussion: 2019-20 Revenue Budget

- 6.1 The council set the net revenue operational budget in February 2019 as £10.658m, which is made up of £17.868m of gross expenditure and £7.210m of gross income, however, this was revised down to £10.617m in June 2019 and the Business Rates Income was also amended to reduce the reliance on general reserves and this is summarised in the following table:

Budgeted Expenditure	%	£'000
Salaries & Other Employees Costs	29.1%	5,192
Pension Deficit	7.2%	1,286
Premises incl Investment Property	5.2%	920
Supplies & Services	15.2%	2,702
Investment Property Fees	1.3%	235
Parish Precepts	3.2%	575
Grants & Subscriptions	1.8%	316
Shared Services & Contracts	4.9%	881
Wellingborough NORSE	27.0%	4,820
Benefit Payments*	See below	20,925
GROSS EXPENDITURE		37,852
Benefit Subsidy*	See below	(20,025)
EXPENDITURE NET OF BENEFIT SUBSIDY		17,827
*Benefit Payments Net of Subsidy	5.0%	900
Budgeted Service Income	%	£'000
Specific Government Grants	6.8%	(491)
Fees & Charges	53.2%	(3,835)
Property Income	40.0%	(2,884)
GROSS SERVICE INCOME		(7,210)
NET SERVICE EXPENDITURE		10,617

- 6.2 The 2019-20 net budget of £10.617m is funded using £1.167m of general fund reserves (of which £0.438m is from general reserves and £0.729m from earmarked reserves) and other sources of external funding as detailed in the chart below:

Funding from Non-Specific Grants, Taxation and Use of Reserves	%	£'000
Council Tax	41.4%	(4,393)
Business Rates	37.9%	(4,028)
Revenue Support Grant	-	-
New Homes Bonus	9.7%	(1,029)
Use of Earmarked Reserves	6.9%	(729)
Use of General Reserves	4.1%	(438)
TOTAL FUNDING		(10,617)

- 6.3 The following table combines the service income in 6.1 with the funding sources in 6.2, to show the overall financing of the total expenditure of £17.827m. It illustrates the relative importance of each, with over 37% of financing coming from internally generated fees and charges and property income and more than 24% from council tax. A little less than 9% now comes from government grants, with a further 22.6% from retained business rates.

Total Income	%	£'000
Fees & Charges	21.5%	(3,835)
Property Income	16.2%	(2,884)
Council Tax	24.6%	(4,393)
Business Rates	22.6%	(4,028)
Specific and Non-Specific Government Grants	8.5%	(1,520)
Use of Earmarked Reserves	4.1%	(729)
Use of General Reserves	2.5%	(438)
TOTAL INCOME AND FUNDING		(17,827)

- 6.4 The monitoring of the revenue budget reports the variance to the use of reserves to show any under or over spending on that budget.
- 6.5 The revenue monitoring position is currently forecasting a decrease in the need to use reserves of £311k, made up from a number of net pressures and efficiencies. The key areas that contribute to this movement are listed below, with more detail in Appendix 1 of the report.

	Outturn Movement as at 31.07.19
	£'000
Budgeted Use of General Reserves	1,001
Budget Savings:	
Establishment savings across the services	-156
Net reduced subsidy loss on temporary accommodation	-272
Additional new burdens grant	-30
Increased fees and charges	-59
Increase fees and charges income	-20
Government grants	-63
Reduction in travel claims	-1
Net miscellaneous savings	-3
Savings on repairs & maintenance	-1
Reduction in printing costs	-3
Savings on services	-35
Total Budget Savings	-643
Budget Pressures:	
Increase in Repairs & Maintenance spend	23
Anticipated reduction in housing benefits overpayments income	130
Net reduction in housing subsidy income	14
Capital salary income unachieved	7
Professional fees	5
Services costs	3
Agency costs to cover vacant posts	9
Advertising costs	5
Reduced fees and charges income	93
Utility costs	34
BID income	7
Net miscellaneous costs	2
Total Budget Pressures	332
Use of Reserves Before Funding Reduction	690
Net Movement in Use of Reserves	-311

6.6 Throughout the year budget movements are monitored and reported when they materialise or are certain to materialise in the future. There are some items that are potential further pressures or savings but are yet to be reported due to uncertainties regarding timing or validity.

7. Legal Powers

Local Government Act 2003

8. Financial and Value for Money Implications

These are detailed in this report.

9. Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Error in reported position	Over spend leading to reduced Reserves and Balances	Low due to level of quality assurance	Robust financial arrangements.
Changes in activity levels and new burdens	Over spend leading to reduced Reserves and Balances	Likely with 8 months of financial year remaining	Robust financial arrangements.

10. Implications for Resources

None identified.

11. Implications for Stronger and Safer Communities

No specific implications.

12. Implications for Equalities

No specific implications

13. Author and Contact Officer

Caroline Conway-Hook, Service Accountant

14. Consultees

Liz Elliott, Managing Director
Shaun Darcy, Director
Julie O'Connell, Finance Manager
Budget Managers

15. Background Papers

Financial Services budget monitoring working papers.

Revenue Monitoring Position to 31 July 2019

Service Area	Original Budget 2019/20	Revised Budget 2019/20	Profiled Budget	Changes agreed at June Resources Committee	Latest Revised Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2020	Forecast Variance at 31st March 2020	Comments & Remedial Actions
	£000's	£000's	£000's			£000's	£000's			
	(a)	(b)	(c)			(d)	(e)			
Community Support	1,408	1,427	307	-	1,427	294	-13	1,423	-4	Savings: £3k staffing savings due to long term sickness £1k net miscellaneous savings
Environmental & Health Protection	614	666	220	-	666	220	-	625	-41	Savings: £26k staffing costs due to vacancies, long term sickness and appointment at lower grades £20k increased income from Hackney Carriages Pressures: £2k reduction in licensing income £1k increase in pest control costs £2k net miscellaneous costs
Housing	558	566	187	-	566	-7	-194	483	-83	Savings £57k salary savings due to vacancies. £78k government grants. £1k car allowances. £1k miscellaneous. Pressures: £7k rates £34k grants & subscriptions. £13k less income as a result of less properties available to let.
Property and Projects	425	469	108	-	469	97	-11	486	17	Savings: £39k salary savings £1k reduced repairs and maintenance spend Pressures: £7k net reduction in capitalisation of salaries £3k services. £47k reduced income.
Planning and Building Control	333	351	113	-	351	-44	-157	363	12	Savings: £5k grant income received Pressures: £9k agency cover for staff vacancies. £5k advertising costs. £3k grants & subscriptions.
Environmental Services	4,269	4,382	1,219	-100	4,282	2,438	1,219	4,282	-	
Organisational Development	227	230	76	-	230	68	-8	224	-6	Savings: £5k due to staffing vacancy £1k miscellaneous
Democratic Services	781	803	263	-41	762	297	34	719	-43	Savings: £26k net effect of vacancies and sharing post with ENC £17k grant income
Operational Property	865	850	239	-	850	335	96	765	-85	Savings £59k Increase in income from Fees and Charges predominantly due to the letting of land to the MoJ. £28 reduction in services costs. Pressures: £2k utility costs on void properties
Investment Property	-1,808	-1,761	-605	-	-1,761	-618	-13	-1,684	77	Savings £6k savings on services. Pressures: £25k utility costs on void properties £23k Repairs & Maintenance-may be capitalised at a later date £30k reduced income on void properties £5k professional fees

Revenue Monitoring Position to 31 July 2019

Service Area	Original Budget 2019/20	Revised Budget 2019/20	Profiled Budget	Changes agreed at June Resources Committee	Latest Revised Budget	Actual Expenditure to Period 4	Variance at Period 4	Forecast Outturn at 31st March 2020	Forecast Variance at 31st March 2020	Comments & Remedial Actions
	£000's	£000's	£000's			£000's	£000's			
	(a)	(b)	(c)			(d)	(e)			
Information Technology Shared Service	858	801	246	100	901	150	-96	901	-	
District Law Shared Service	164	164	55	-	164	-47	-102	164	-	
Accountancy	780	499	165	-	499	326	161	499	-	
Internal Audit	61	61	20	-	61	-	-20	61	-	
Revenue and Benefits - Benefit Subsidy	550	550	183	-	550	-284	-467	422	-128	Savings: £272k net reduced subsidy loss on temporary accommodation Pressures: £130k anticipated reduction in housing benefits overpayments income £14k net reduction in housing subsidy income
Revenue and Benefits - Operational	444	467	153	-	467	-42	-195	440	-27	Savings: £30k additional new burdens grant £3k printing costs £1k miscellaneous savings Pressures: £7k Bid income
	10,529	10,525	2,949	-41	10,484	3,183	234	10,173	-311	
Corporate Contingency	-359	-359	-120	-	-359	-81	39	-359	-	
Bad Debt Provision	10	10	3	-	10	-	-3	10	-	
Depreciation & Amortisation	-1,388	-1,388	-	-	-1,388	-	-	-1,388	-	
Non Distributed Costs- Pension Fund	1,352	1,352	451	-	1,352	446	-5	1,352	-	
Investment Income	-282	-282	-94	-	-282	26	120	-282	-	
Audit Fee & Bank Charges	40	40	13	-	40	-	-13	40	-	
Other Income and Expenditure	-627	-627	253.00	-	-627	391	138	-627	-	
Corporate Management	181	185	61	-	185	72	11	185	-	
Parish Precepts	575	575	192	-	575	345	153	575	-	
2019/20 Budget Requirement	10,658	10,658	3,455	-41	10,617	3,991	536	10,306	-311	
Government Funding	-	-	-	-	-	-	-	-	-	
Business Rates	-2,521	-2,521	-840	-137	-2,658	-840	-	-2,658	-	
Section 31 Grant	-985	-985	-328	-385	-1,370	-328	-	-1,370	-	
Council Tax	-4,393	-4,393	-1,464	-	-4,393	-1,464	-	-4,393	-	
New Homes Bonus	-1,029	-1,029	-343	-	-1,029	-514	-171	-1,029	-	
Use of General Fund Reserves	-1,001	-1,001	-334	563	-438	-	334	-438	-	
Ear Marked Reserves	-729	-729	-243	-	-729	-	243	-729	-	
2019/20 Funding	-10,658	-10,658	-3,552	41	-10,617	-3,146	406	-10,617	-	
Net Position	-	-	-97	-	-	845	942	-311	-311	